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**BEFORE THE  
FEDERAL COMMUNICATIONS COMMISSION  
WASHINGTON, D.C. 20554**

SEP - 3 1997

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

**In the Matter of** )  
**Access Charge Reform** ) **CC Docket No. 96-262**  
 )

**REPLY IN SUPPORT OF PETITION FOR EXPEDITED  
RECONSIDERATION AND CLARIFICATION**

Sprint Corporation hereby files this reply in support of its Petition For Expedited Reconsideration And Clarification of the Commission's First Report and Order (FCC 97-158) released May 16, 1997 in the above-captioned docket. As will be discussed below, many of the points raised in Sprint's petition were unopposed by any other party, and, as will be explained, the oppositions to Sprint's requests on other issues are without merit.

**I. IMPLEMENTATION ISSUES RAISED BY PICCs**

In its petition (at 1-5) Sprint pointed out that there are many implementation issues relating to both the dichotomy between primary and non-primary residential PICCs and relating to PICCs in general, that must be addressed promptly if PICCs are to be implemented by January 1. No other party disputes the need, in general, to resolve these issues, and Sprint's petition is supported by Bell Atlantic (at 18-19), CompTel (at 16-17) and MCI (at 4-8). Bell Atlantic expresses concern (at 19) that it will be impossible to implement any definition of non-primary residential lines by January 1, and supports USTA's request, in its petition for reconsideration, for a one-year deferral of that implementation date. As Sprint indicated in its response to USTA's petition, Sprint is not yet persuaded that a January 1 implementation date is infeasible, but that may prove to be

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U.S. ATTORNEY

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the case if the Commission does not promptly define “non-primary residential line” and otherwise clarify the implementation issues raised in Sprint’s petition.

With respect to the specific implementation issues raised in Sprint’s petition, MCI (at 6-7) and CompTel (at 16) both agree with Sprint that LECs must be required to provide detailed support for their assessment of PICC charges on IXC’s, including, on a customer-by-customer basis, how many PICCs and what type of PICCs are being assessed. This proposal was opposed by USTA (at 4) as being “unduly burdensome and unnecessary” without further elaboration. BellSouth argued (at 13) that if, as it proposed, a single PICC should apply to all subscriber lines, there would be no need for such reports; and Bell Atlantic (n.55 at 19) states that there is already a process in place that allows LECs to provide the necessary information to resolve billing inquiries and that disputes can be resolved through the Commission’s complaint process.

Sprint believes that the accurate and prompt reporting of customer-by-customer PICC information is essential if IXC’s are to have a reasonable opportunity to recover these costs in a cost-causative manner. Even if BellSouth’s suggestion – that there be a uniform PICC charge for all lines – is adopted, that would not obviate the IXC’s’ need for such customer-by-customer data. IXC’s would still need to know how many PICCs are being assessed for each of their customers. Today, IXC’s have no visibility to the local service configurations of their mutli-line business customers. Typically, those customers use dedicated special access facilities to connect their PBXs to the IXC’s’ points of presence, rather than using their local business lines (on which the PICCs will be assessed) for the origination of long distance calls. The County of Los Angeles, for example, in its Petition for Reconsideration (at 2-3), reports that it has a relatively modest

volume of long distance traffic but has 86,000 local access lines. The IXC's must have access to their customers' local network configurations in order to rationally assess how best to recover these amounts. The fact that USTA has gone on record as opposing a request for this information indicates that a Commission directive is necessary to avoid lengthy and burdensome disputes between hundreds of IXC's and hundreds of LEC's.

With respect to other specific PICC implementation issues Sprint raised in its petition, Bell Atlantic (n.52 at 18) agrees with Sprint that in cases where there are two presubscribed carriers providing interstate interexchange service to the same customer (one providing interLATA service and the other handling intraLATA calls), it makes the most sense to designate the interLATA carrier as the carrier on which the PICC will be assessed. MCI (at 7-8) and CompTel (at 16-17) both support the need to clarify how multiple residential lines will be assigned to IXC's, i.e., which line will be considered the primary line and which will be considered non-primary. CompTel construes Sprint's petition as favoring a rule that the first-installed line should be designated as the primary line, and expresses support for that proposal. Sprint wishes to make clear that while it raised this proposal as one possible resolution, it did not specifically endorse it, because of the problems it would cause for administration of universal service funding (see Sprint's petition at 5), and MCI shares that concern. In the absence of a better solution, Sprint believes that MCI's suggestion that ultimately the customer must make the selection is probably the only way to avoid arbitrary and potentially unfair assignments.

## **II. SLC AND PICC RATE DEVELOPMENT**

Sprint proposed that both SLCs and PICCs should be calculated using base period revenues and demand (6-7). This proposal received support from several LECs<sup>1</sup>, was not opposed by any other party, and should be adopted.

## **III. SHIFTING OF COSTS FROM THE TIC TO DEAYERAGED TRANSPORT RATES**

Sprint (at 7-8) objected to the requirement that LECs engaging in density zone pricing must remove from the TIC an amount equal to the differential between higher density and lower density rates and reassign this amount to direct trunked transport and tandem-switched transport subcategories. Sprint pointed out that this reassignment would effectively require across-the-board increases in both high density and low density transport rates, thereby defeating the very purpose of geographic deayeraging. Sprint argued that the Commission either should not require any such costs to be removed from the TIC or should allow such costs to be recovered through exogenous adjustments to low density SBIs. No party opposed Sprint's request, and both SNET (at 6-7) and Ameritech (at 7-10) support Sprint on this point. Ameritech challenges the Commission's assumption that direct trunked transport is receiving any subsidy from the TIC. Ameritech also points out that the revenue shift required by the Commission would affect special access rates, which are in the same trunking basket and same SBIs as switched transport. Ameritech further observes that many LECs that implemented density zone pricing did so through rate decreases in medium and high density zones, with no offsetting increase in the low density zone rate, and thus are being penalized for taking a

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<sup>1</sup> See Bell Atlantic at 23-24; SNET at 5-6; U S West at 13-14; and USTA at 4-5.

voluntary reduction in revenues. In light of its petition and the discussion of this issue in Ameritech's comments, Sprint submits there is no basis for imposing the TIC reassignment required by ¶227 of the Report and Order.

#### **IV. COMPUTATION OF TANDEM-SWITCHED TRANSPORT RATES**

Sprint, along with CompTel and WorldCom, challenged the Commission's determination to employ actual utilization, rather than an efficient utilization level of 9,000 MOU per trunk, in calculating tandem-switched transport rates. AT&T (n.13 at 7) and several LECs<sup>2</sup> oppose the 9000 MOU factor. Bell Atlantic argues that LECs have no reason to underutilize interoffice circuits for which they are compensated on a per-minute basis, and thus there is no reason to assume that actual loadings are inefficient. However, a LEC, by activating additional circuits on an interoffice trunk group, can upgrade the quality of service its own local customers receive by reducing the peak hour blocking probability.<sup>3</sup> The tradeoff between inefficient utilization and a lower blocking probability for a LEC's own traffic will be skewed if, as the Commission's decision allows, it can recover the costs of the additional circuits through higher MOU charges, at least with respect to the circuit capacity used by IXC's. GTE argues that the 9,000 MOU assumption reflected in the previous rules was based on data almost 15 years old. Given the tremendous growth in traffic that has occurred since then, it is difficult to see how that helps the argument that rates should be based on even lower utilization instead. One would expect the subsequent increase in traffic growth to result in higher, rather than

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<sup>2</sup> Bell Atlantic at 6; BellSouth at 10; GTE at 5; and U S West at 11.

<sup>3</sup> It is a basic principle of traffic engineering that the lower the utilization, the smaller the blocking probability during peak periods.

lower, utilization. BellSouth argues that the incentive for inefficient loading is eliminated by the fact that such cost additions would not be recognized under the Commission's price cap rules. However, the rules implementing this determination (see Section 69.111(c)), which state that tandem switched transport charges based on the prior year's actual use "shall be presumed reasonable" seem to allow price cap LECs to make out-of-band increases in their tandem-switched transport rates with no likelihood of Commission suspension and investigation.

Thus, the arguments against continuation of a reasonable measure of utilization do not withstand scrutiny. Furthermore, continuation of the 9,000 MOU factor, at least as a floor,<sup>4</sup> in computing tandem switched transport rates would relieve LECs of the administrative complexities of attempting to calculate their actual utilization on a study-area-wide basis as the new rules require.

## **V. ISP EXEMPTION**

Although the Commission's intent seems to be clear that the exemption of lines used by information (or enhanced) service providers should continue to be exempt from access charges, Sprint sought clarification of this point, out of an abundance of caution, because of the Commission's reference in ¶344 to "interstate per-minute" access charges. Sprint (at 9) expressed concern that some LECs may seize on that language as a basis for claiming that PICC charges should be imposed on IXC's with respect to the ISP lines. Bell Atlantic (at 16-17) does just that. It argues that PICCs do apply to ISP lines and that accepting Sprint's interpretation of the order would expand the ISP exemption. Since the

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<sup>4</sup> Sprint has no objection to the use of actual utilization, for those LECs that can measure it, if it exceeds 9000 MOU.

PICC is part and parcel of the carrier's carrier charges, Sprint fails to understand how assessing these charges on IXC's is reconcilable with the Commission's determination in ¶345 that "ISPs should not be subject to interstate access charges." Furthermore, the multi-line business PICC charge is not intended to recover costs related to the subscriber lines used by multi-line businesses, but instead is a transitional subsidy element imposed on multi-line business lines to cover costs that are largely attributable to other end-users, such as single line businesses and residential customers. This being the case, assessing the PICC on ISP lines would be inconsistent with the Commission's desire to avoid burdening ISPs with non-cost based rates and inefficient rate structures (¶345). Accordingly, the clarification sought by Sprint – that PICCs do not apply on ISP lines – should be granted.

## **VI. CONCLUSION**

For the foregoing reasons, the Commission should grant Sprint's request for reconsideration and clarification of its Report and Order in this docket, and should do so expeditiously.

Respectfully submitted,

SPRINT CORPORATION



Leon M. Kestenbaum

Jay C. Keithley

H. Richard Juhnke

1850 M Street, N.W.

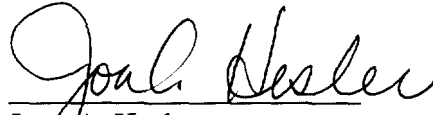
Washington, D.C. 20036

(202) 857-1030

September 3, 1997

## CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing **REPLY IN SUPPORT OF PETITION FOR EXPEDITED RECONSIDERATION AND CLARIFICATION** filed by Sprint Corporation was hand Delivered or sent by United States first-class mail, postage prepaid, on this the 3rd day of September, 1997 to the below-listed parties:

  
Joan A. Hesler

Richard Metzger, Deputy Chief  
Common Carrier Bureau  
Federal Communications Comm.  
1919 M Street, N.W., Room 500  
Washington, D.C. 20554

Competitive Pricing Division  
Common Carrier Bureau  
Federal Communications Comm.  
1919 M Street, N.W., Room 518  
Washington, D.C. 20554

Mark C. Rosenblum  
Peter Jacoby  
Judy Sello  
AT&T  
Room 3245I1  
295 No. Maple Avenue  
Basking Ridge, NJ 07920

Edward Shakin  
Joseph DiBella  
Bell Atlantic Telephone Companies  
1320 North Court House Road  
Eighth Floor  
Arlington, VA 22201

M. Robert Sutherland  
Richard Sbaratta  
BellSouth Corporation  
Suite 1700  
1155 Peachtree Street, N.E.  
Atlanta, GA 30309

Ward Wueste  
Gail Polivy  
GTE Corporation  
1850 M Street, N.W.  
Washington, D.C. 20036

Michael Pabian  
Larry Peck  
Ameritech  
Room 4H86  
2000 West Ameritech Ctr. Drive  
Hoffman Estates, IL 60196

Genevieve Morelli  
CompTel  
1900 M Street, N.W.  
Suite 800  
Washington, D.C. 20036



Robert Aamoth  
Edward A. Yorkgitis, Jr.  
Joan Griffin  
Kelley Drye & Warren  
1200 19<sup>th</sup> Street, N.W.  
Washington, D.C. 20036

Robert B. McKenna  
Jeffrey A. Brueggeman  
U S West  
Suite 700  
1020 19<sup>th</sup> Street, N.W.  
Washington, D.C. 20036

Bradley Stillman  
Don Sussman  
Alan Buzacott  
MCI Corporation  
1801 Pennsylvania Avenue, N.W.  
Washington, D.C. 20006

Wendy Bluemling  
So. New England Telephone Co.  
227 Church Street  
New Haven, CT 06510

Mary McDermott  
United States Telephone Association  
1401 H Street, N.W., Suite 600  
Washington, D.C. 20005

Ronald Binz  
Debra Berlyn  
John Windhausen, Jr.  
Competitive Policy Institute  
1156 15<sup>th</sup> Street, N.W., Suite 310  
Washington, D.C. 20005

Kathy L. Shobert  
General Communication, Inc.  
901 15<sup>th</sup> Street, N.W.  
Suite 900  
Washington, D.C. 20005

J. Manning Lee  
Teleport Communications Group  
Two Teleport Drive, Suite 300  
Staten Island, NY 10311

Christopher Rozycki  
Hyperion Telecommunications, Inc.  
DDI Plaza Two  
500 Thomas Street, Suite 400  
Bridgeville, PA 15017

W. Kenneth Ferree  
Goldberg, Godles, Wiener & Wright  
1229 Nineteenth Street, N.W.  
Washington, D.C. 20036

Herbert E. Marks  
James M. Fink  
Squire, Sanders & Dempsey  
1201 Pennsylvania Avenue, N.W.  
Washington, D.C. 20044

Kathryn Matayoshi  
Department of Commerce &  
Consumer Affairs  
State of Hawaii  
250 South King Street  
Honolulu, HI 96813

Catherine R. Sloan  
Richard S. Whitt  
WorldCom, Inc.  
1120 Connecticut Avenue, N.W.  
Washington, D.C. 20036

Brian Conboy  
Wilkie Farr & Gallagher  
1155 21<sup>st</sup> Street, N.W.  
Washington, D.C. 20036  
Counsel for Time Warner

Charles C. Hunter  
Catherine M. Hannan  
Hunter Communications Law Group  
1620 I Street, N.W.  
Washington, D.C. 20006

Margot Smiley Hunphrey  
Koteen & Naftalin, LLP  
1150 Connecticut Avenue, N.W.  
Washington, D.C. 20036

David Cosson  
L. Marie Guillory  
NTCA  
2626 Pennsylvania Ave., N.W.  
Washington, D.C. 20037

Lisa M. Zaina  
Stuart Polikoff  
OPASTCO  
21 Dupont Circle, NW  
Washington, D.C. 20036